

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6417**

**BILL NUMBER: SB 99**

**DATE PREPARED:** Feb 25, 2002

**BILL AMENDED:** Feb 25, 2002

**SUBJECT:** Onsite Waste Management Districts.

**FISCAL ANALYST:** Bernadette Bartlett

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**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill permits the establishment of county onsite waste management districts. The bill specifies the requirements for (1) establishment through a petition and hearing process; (2) inclusion of area in a municipality under certain circumstances; (3) dissolution; and (4) operations.

With respect to onsite residential sewage discharging disposal systems installed to repair failed septic systems, the bill (1) allows the local health department in certain counties to issue operating permits under certain circumstances before January 1, 2007; (2) directs the State Department of Health (DOH) to take action to allow for the issuance of operational permits; (3) directs the Department of Environmental Management to apply for a general permit from the United States Environmental Protection Agency covering the point source discharge from onsite residential sewage discharging disposal systems in the state; and (4) directs DOH to take action to develop residential septic system technologies.

**Effective Date:** (Amended) Upon Passage; July 1, 2002.

**Explanation of State Expenditures:** (Revised) This bill directs the DOH to take action to allow for the issuance of operational permits for onsite residential sewage discharging disposal systems. The bill also directs the DOH to take action to develop new residential septic system technologies. Additionally, the bill directs the Department of Environmental Management (IDEM) to apply for a general permit from the United States Environmental Protection Agency to cover the point source discharge from onsite residential sewage discharging disposal systems.

Any costs associated with obtaining a general permit from EPA can be absorbed with IDEM's existing resources. The procedure to obtain a general permit will take approximately two years. Any costs associated with implementing a general NPDES permit would depend on the number of entities that will take advantage of the permit.

The DOH will need to hire a PAT II to study new technologies. Costs for this position are estimated at \$45,498 the first year and \$45,448 the second. This bill does not contain an appropriation. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 31, 2001, the SDOH had 120 vacancies. The Department reverted \$410,484 in General Funds at the end of FY 2001. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Background:* Currently, rules for the SDOH and IDEM prohibit offsite discharging systems for residential properties. The DOH rule, updated in 1990, sets minimum statewide criteria for construction, location, and sizing of residential onsite sewage disposal systems based on the estimated wastewater flow and type of soil available to absorb water. This rule requires the local health departments to issue permits for onsite sewage disposal in accordance with its minimum requirements.

The SDOH issues permits for any facility not defined as a one- or two-family dwelling. The SDOH reviews commercial permits due to the more complicated engineering requirements of the larger systems. Most local health departments in the state do not have the expertise to review the more complex requirements of larger onsite systems. Four or five counties have no septic system permit ordinances and rely solely on the state rules for the residential sewage disposal program in the county.

SDOH reports that the state of Illinois allows for the installation of residential offsite discharging systems. The monitoring of the systems' maintenance and quality of effluent is reported to be a problem as is the discharge of untreated sewage during periods of electrical power failures.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) County onsite waste management districts may be established. Districts may inventory, inspect, and monitor septic systems. The districts would coordinate activities of the local health department, the Indiana Department of Environmental Management, the Department of Natural Resources, and the State Department of Health. Costs associated with the districts could be paid by participating counties, fees and/or rates assessed, or grants received. The impact of the provision will depend on the number and nature of districts established.

The bill allows the Allen County Health Department to issue operating permits under certain circumstances. This provision will increase administrative expenses for the local department. Expenses could, however, be offset by fees assessed permits.

**Explanation of Local Revenues:** (Revised) The districts may receive grants for system maintenance and other activities. Districts may also recommend that the county impose fees or assess rates. The impact will depend on the number and nature of districts established.

**State Agencies Affected:** Indiana Department of Environmental Management, Department of Natural Resources, and the State Department of Health.

**Local Agencies Affected:** Counties; Allen County Health Department.

**Information Sources:** Erika Seydel-Cheney, IDEM; Howard Cundiff, Acting Director, Sanitary Engineering, State Department of Health, (317) 233-7182.